GLENDALE MOBILE HOMES LTD. ANNUAL REPORT 1969

The History of Glendale Mobile Homes Ltd.

Your Company, founded in 1950 by R. L. Thorn to manufacture and distribute travel trailers, very quickly became aware of the need of Canadians for a more economic means of housing.

The entry into the Mobile Home field and the resultant product success led to major expansion in the original London, Ontario plant and in 1955 to a second plant in Strathroy, Ontario 22 miles west of London.

In 1956, the London operations were destroyed by fire, and Strathroy was organized as Head Office and the centre of production.

In 1959, under the guidance of W. P. Callaghan, Glendale entered the Western Market with plant and office facilities at Wetaskiwin, Alberta, forty miles south of Edmonton.

The rights to manufacture Mobile Homes under the "McGinness" name were purchased from H. B. McGinness in 1961. Glendale was then able to market two distinctive lines of Mobile Homes and Recreational Vehicles. Research into the Quebec and Maritime markets indicated a strong potential, and in 1962 operations commenced, under the management of John DeWinter, at the newly completed Sussex, New Brunswick factory.

To ease the growing demand on the Sussex factory facilities, Quebec plant and office operations were constructed and your company went into production at St. Joseph de Beauce in 1966.

Further growth in the western market, and the need to expedite product more efficiently, led to the establishing of plant and office operations at Morris, Manitoba in the latter part of 1968.

Under licence to produce and distribute TERRAPIN Modular Buildings, Glendale brought into operation Terrapin plant and offices adjacent to Head Office, Strathroy in the fall of 1969.

Throughout the years Glendale has maintained a progressive policy of market research and operational expansion. All facilities have significantly increased in line with the market growth rate.

This vigorous management policy has established Glendale as a leader in the Mobile Home and Recreational Vehicle Industry. This is the position we intend to maintain.

(Prepared without audit)

GLENDALE MOBILE HOMES LIMITED

and its subsidiaries

STATEMENT OF CONSOLIDATED INCOME

SIX MONTHS ENDED JULY 31, 1970

(with comparative figures for the six months ended July 31, 1969)

	Six months ended July 31, 1970	Six months ended July 31, 1969
Net Sales	$11,832,691	$9,363,616
Consolidated income before deducting the following:	1,185,402	1,149,174
Interest on long term debt	11,045	15,107
Depreciation and amortization	99,207	81,996
	110,252	97,103
Consolidated income before taxes on income	1,075,150	1,052,071
Taxes on income	573,500	546,800
Consolidated net income	$ 501,650	$ 505,271
Earnings per share (based on average number of shares outstanding during period)	$.47	$.54

(Prepared without audit)

GLENDALE MOBILE HOMES LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SIX MONTHS ENDED JULY 31, 1970

(with comparative figures for the six months ended July 31, 1969)

	Six months ended July 31, 1970	Six months ended July 31, 1969
Source of funds:		
Operations–		
Net income	$ 501.650	$ 505,271
Add back-depreciation	99,207	81,996
	600,857	587.267
Proceeds from issue of common shares		2,103,750
Proceeds from issue of common share warrants		2,000
Government grant	41,747	30,042
	642,604	2,723,059
Application of funds:		
Additions to fixed assets (net)	291,730	334,663
Reduction in long term debt	38,940	42,263
Redemption of preferred shares		95,460
Expense of share issue (net)		9,432
	330,670	481,818
Increase in working capital	$ 311,934	$2,241,241

File

GLENDALE

MOBILE HOMES

LIMITED

TO THE SHAREHOLDERS:

While sales reached an all-time high of $11,832,691. for the six month period ending July 31, 1970, representing a 26% increase over last year, net profit of $501,650 was slightly less than for the same period last year. A changing mix of our sales volume makes it very difficult to predict results for the balance of the year.

R.L. Thorn,
President.

September 21, 1970.

INTERIM REPORT

FOR THE SIX MONTHS
ENDED JULY 31, 1970

GLENDALE OF CANADA

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities are offered by this prospectus only in jurisdictions where these securities may be lawfully offered.

New and Issued Shares

Glendale Mobile Homes Limited

(incorporated under the laws of Ontario)

375,000 COMMON SHARES

WITHOUT PAR VALUE

PRICE: $10.00 PER SHARE

Of the shares offered by this prospectus, 225,000 shares are being sold by the Company and 150,000 shares are being sold by a shareholder as set out on page 8 under the heading "Underwriting Agreement". No portion of the proceeds of the sale by a shareholder of the 150,000 shares will be received by the Company.

	Price to Public	Proceeds to Underwriter(1)	Proceeds to Company(2)	Proceeds to Selling Shareholder (2)
Per Share	$ 10.00	$ 0.65	$ 9.35	$ 9.35
Total	$3,750,000	$ 243,750	$2,103,750	$1,402,500

(1) In addition, the Company will sell to the underwriter for $2,000 warrants to purchase from the Company 20,000 common shares at a price of $10.00 per share exerciseable at any time up to and including May 15, 1974.

(2) Before deducting the expenses incurred for the issuance of these shares estimated at $50,000, of which approximately $45,000 will be borne by the Company and $5,000 by the selling shareholder.

(3) Reference is made to the heading "Common Shares" on page 6.

MARKET

There is no public market for these securities hereby offered, and the price was determined by negotiation between the Company, the selling shareholder and the Underwriter.

An application has been made to list these shares on the Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

In the opinion of counsel, these Common Shares will be an investment in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may, without availing itself for that purpose of the provisions of subsection (4) of Section 63 of the said Act, invest its funds.

We, as principals, offer these Common Shares if, as and when delivered to us and accepted by us subject to prior sale and subject to the approval of all legal matters by Harrison, Elwood, Gregory, Littlejohn & Fleming on behalf of the Company and by Ivey & Dowler on our behalf. We reserve the right to accept applications for these Common Shares in whole or in part or to reject any application. It is expected that definitive share certificates will be available for delivery on or about May 20, 1969.

MIDLAND-OSLER SECURITIES LIMITED

LONDON TORONTO MONTREAL NEW YORK HAMILTON KITCHENER
ST. THOMAS BRANTFORD WINNIPEG REGINA SASKATOON CALGARY
EDMONTON VANCOUVER VICTORIA SAULT STE. MARIE SARNIA

INDEX

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is The Canada Trust Company at its principal offices at Montreal, Toronto, London and Calgary.

THE COMPANY

Glendale Mobile Homes Limited (the "Company") was incorporated as a public company under the laws of Ontario by Letters Patent dated July 30, 1954. By Supplementary Letters Patent dated December 3, 1963, and March 14, 1969, various changes in the Company's capital structure were effected so that the presently authorized capital of the Company consists of 4,000,000 common shares without par value.

The Company has two wholly-owned subsidiaries, Glendale Mobile Homes (Maritimes) Limited, incorporated as a private Company under the laws of Ontario by Letters Patent dated July 28, 1964 and Glendale Mobile Homes (Quebec) Limited (Les Maisons Mobiles Glendale (Québec) Limitée), incorporated as a private Company under the laws of Ontario by Letters Patent dated November 4, 1965. Reference herein to the "Company" shall mean Glendale Mobile Homes Limited and its two wholly-owned subsidiaries referred to above.

The head office and principal office of the Company is located at 145 Queen Street, Strathroy, Ontario.

BUSINESS OF THE COMPANY

The Company is one of the largest manufacturers in Canada offering both mobile homes and travel trailers, with six plants located at Sussex, New Brunswick; St. Joseph de Beauce, Quebec; Strathroy, Ontario; Morris, Manitoba; and two at Wetaskiwin, Alberta. During the fiscal year ended January 31, 1968 the Company produced approximately 19% of the mobile homes and 18% of the travel trailers manufactured in Canada. In addition, the Company manufactures truck campers and self-propelled motor homes. Mobile homes are manufactured at all plants but travel trailers, truck campers and the self-propelled motor homes are at present manufactured only at the Strathroy plant. The second plant at Wetaskiwin, Alberta will be used to manufacture travel trailers and truck campers.

PRODUCTS

Mobile Homes

A mobile home as manufactured by the Company is designed as a year round permanent home with standard production models varying from 36′ to 68′ in length and either 10′ or 12′ in width. Each mobile home has a living room, a kitchen-dining room, one to four bedrooms and a three or four piece bathroom. All units are furnished, including refrigerator, stove, dinette suite, living and bedroom furniture.

Recreational Vehicles

Travel Trailers

This compact recreational vehicle with facilities for comfortable vacation living is normally towed by a family automobile. A travel trailer is usually not over 26′ in length and is limited to a maximum of 8′ in width. Each travel trailer is furnished with beds, stove, refrigerator, table, seats, lighting and the larger sizes have fully equipped bathrooms, air conditioning and heating.

Truck Campers

The truck campers are designed to be mounted on a pick-up truck for travel and are readily demounted after use to release the truck for other purposes. Truck camper facilities are similar to but smaller than those found in travel trailers.

Self-Propelled Motor Homes

The Company has commenced the manufacture of self-propelled motor homes. Special chassis engineered for this purpose are purchased from automotive truck manufacturers. Completely self-contained units with facilities similar to those found in travel trailers are constructed on these chassis.

Terrapin Module Buildings

The Company has recently been granted a licence by Terrapin (Overseas) Limited of England, under which the Company has the exclusive right to manufacture and sell Terrapin module building units in Ontario. A Terrapin manufactured unit involves a factory built module unit concept of 8′ in width by 24′ in length. The technique of on-site assembly of a multiple of units results in the quick construction of a building suitably finished for classrooms, offices or similar uses. A Terrapin building is designed to be used for an interim period and may be readily disassembled for use at another site.

Under the terms of the agreement, the Company is committed to manufacture 1000 Terrapin units prior to June 30, 1972. Production of the units commenced at the Strathroy plant in February, 1969.

MARKETING

The Company markets its mobile homes, travel trailers and truck campers through a national network of approximately 224 appointed dealers. A broad exposure of these Company products is achieved through its multiple product lines and by the appointment of dealers for each product line in each marketing area.

The dealers are all independent. The Company wholesales its products to the dealers and, except for special, commercial and industrial units, does not itself engage in direct selling activities. Each dealer must have qualified personnel available for predelivery and service requirements.

Mobile Homes

The Company markets its mobile homes under two product lines, Glendale and McGuiness, with a third line, Casanova, being available through the Sussex, New Brunswick plant. Each line has a variety of sizes, floor plans and optional extras. Each model as produced at each factory is modified to accommodate regional customer preferences.

This market oriented approach has resulted in 35 different models being currently offered in the Atlantic Provinces, 12 models in Quebec, 8 models in Ontario and 10 models in the four Western Provinces. Customer selection is widened further by some inter-area shipping in Eastern Canada but a restrictive factor is highway regulations in some Provinces.

Recreational Vehicles

Travel trailers and truck campers are marketed under three product lines, Glendette, Golden Falcon and, new in 1969, the Dolphin. Differentiation between lines is achieved through differences in exterior design and silhouette and interior furnishings and floor layout. The Glendette and Golden Falcon lines each offer a selection of eleven travel trailer models ranging from 12′ to 26′ in length and three truck camper models in 8′ to 12′ lengths. As initially offered, the Dolphin line has five models of travel trailers ranging from 15′ to 22′ in length.

Annual model changes are introduced by the Company late in each calendar year with dealers normally receiving their first deliveries before the year end. Sales experience indicates that customer preference is shifting towards larger and more luxurious units with the 17′ and 22′ models currently in heaviest demand.

Other Company Products

A limited quantity of custom built units of various kinds are produced for specialized use by commerce and industry. In this category are such items as bookmobiles, police safety vehicles, portable motel units, classrooms and science laboratories. These specialized units are normally sold directly by the Company.

The marketing of Terrapin module units will be direct to prospective users such as school boards, governments, and commercial and industrial organizations through the Company's own sales organization.

LABOUR RELATIONS

The Company since incorporation has generally enjoyed excellent relations with its employees but the Company encountered difficulty in renewing its union contract in Strathroy following its expiry on August 31, 1968. Lengthy negotiations failed to bring agreement and on December 12, 1968 the Company experienced its first work cessation when a strike took place. Following further negotiations the strike was settled and production resumed on February 3, 1969 and a new two year contract effective from September 1, 1968 has been signed. In the opinion of management no serious reduction in annual production will result from the strike.

PROPERTIES

Strathroy, Ontario

This site consists of approximately 43 acres of land within the Town of Strathroy upon which are constructed (a) the head office building with approximately 3,000 square feet of floor space, (b) the main factory building, erected in 1966, of steel frame and concrete block construction with the entire area of 93,000 square feet protected by sprinklers against fire loss, (c) an additional manufacturing building of frame construction having approximately 15,000 square feet of floor area, and (d) adjacent storage facilities having approximately 21,000 square feet of floor area.

Manufacturing is on an assembly line basis and employment at the factory varies from approximately 100 during the winter period to approximately 350 during the spring and summer periods. Sales from the Strathroy plant for the year ended January 31, 1969 were $6,168,023.

St. Joseph de Beauce, Quebec

This site consists of approximately 10 acres of land with a 24,000 square foot frame building constructed in 1966-1968. The factory normally employs approximately 45 persons on one assembly line manufacturing mobile homes. Sales from this plant for the year ended January 31, 1969 were $879,940.

Sussex, New Brunswick

This site consists of approximately 16 acres within 400 yards of the Trans-Canada Highway. A frame building for the manufacture of mobile homes was constructed on the site in 1962 and with a Butler building addition in 1968 the factory now has an area of 55,000 square feet. The factory normally employs approximately 130 persons and for the year ended January 31, 1969 had sales of $2,209,134.

Morris, Manitoba

This site consists of 14 acres with a 22,000 square foot factory building of frame construction completed in November, 1968. At present the factory has 20 employees and production of mobile homes commenced in December, 1968, and for the period ended January 31, 1969, had sales of $5,310.

Wetaskiwin, Alberta

This site consists of approximately 32 acres with separate factory and office buildings. The office building is of frame construction with 2,400 square feet of floor area. The 82,000 square foot factory building is of frame and steel siding construction and is used for the manufacture of mobile homes. A second plant containing 26,000 square feet was recently constructed and will be used to manufacture travel trailers and truck campers commencing in May of 1969. In 1968 the main factory employed approximately 130 persons and for the year ended January 31, 1969 had sales of $3,501,465.

Port Franks, Ontario

The Company has recently acquired approximately 52.5 acres at Port Franks, a summer recreational area in Ontario. This property is being developed as a rally trailer park and is used by the Company to promote the sale of recreational vehicles.

General

The delivery cost of the Company's products limits the market area that can be economically served from a given plant to approximately a 500 mile radius for mobile homes and a 1,000 mile radius for travel trailers and truck campers. Each of the six factories is located to serve a large local market and each is operated as an independent unit with little or no transfer of components between factories.

All properties are owned by the Company, and other than that at Port Franks, are subject to encumbrances as described in notes 2, 3 and 4 under the heading Capitalization on page 7.

COMMON SHARES

All the shares offered pursuant to this prospectus are common shares without par value ("common shares") and all common shares rank equally as to entitlement to dividends, voting rights (each common share carrying one vote at all meetings of shareholders) and repayment on liquidation or other distribution. All issued common shares and the common shares offered by this prospectus have been or will be issued as fully paid and non-assessable shares. Further common shares may be allotted and issued at such times, in such manner and to such persons as the directors of the Company may from time to time determine and accordingly the holders of common shares do not have pre-emptive rights as such.

The net book value per common share after giving effect to this issue will be $3.37.

RIGHTS TO PURCHASE SECURITIES

The Company has reserved 50,000 common shares for issue to officers and full time employees of the Company and its subsidiaries under such plan or plans (including stock option plans and share purchase plans) and subject to such rules and regulations with respect thereto as the board of directors shall from time to time determine. None of such shares shall be issued at less than 90% of the fair market value thereof on the date of issue if issued under a share purchase plan or at the date of the granting of any option if issued under a stock option plan. At the date hereof no options have been granted nor have any shares been issued under any such share purchase plan. Reference is made to the warrants to purchase 20,000 common shares referred to under the heading Underwriting Agreement on page 8.

DIVIDEND RECORD AND POLICY

The Company has paid no dividends during its last five completed financial years other than a dividend in the total amount of $2,500 paid in the year ended January 31, 1966 to the holder of the then outstanding common shares. There is no present intention to pay dividends on the common shares of the Company.

CAPITALIZATION

	Authorized	Outstanding as at January 31, 1969	Outstanding as at February 28, 1969	Outstanding as at February 28, 1969 after giving effect to this financing
Debt				
Bank Indebtedness (1)		$870,342	$1,132,378	Nil
8% note due December 6, 1971		15,743	15,743	$15,743
8½% loan due March 23, 1973 (2)		240,000	235,200	235,200
9% loan due February 23, 1975 (3)		90,000	90,000	90,000
6% loan due September 1, 1976 (4)		46,500	46,500	46,500
Capital Stock				
Common shares without par value (5) (6)	4,000,000 shs.	850,000 shs. ($10,000)	850,000 shs. ($10,000)	1,075,000 shs. ($2,113,750)

(1) Accounts receivable, inventories and life insurance policies held by the Company on the life of R. L. Thorn are pledged as security against bank indebtedness.

(2) Secured by a first mortgage on the Strathroy, Ontario factory property and certain adjacent property, on the Sussex, New Brunswick property and the Wetaskiwin, Alberta property, by a first chattel mortgage on the machinery, equipment and vehicles at Strathroy, Ontario, Sussex, New Brunswick and Wetaskiwin, Alberta and by the joint and several guarantee of the subsidiary companies.

(3) Secured by a first mortgage on the Morris, Manitoba factory property, by a first chattel mortgage on the machinery, equipment and vehicles at Morris, Manitoba and by the joint and several guarantee of the subsidiary companies.

(4) Secured by a first mortgage on the St. Joseph de Beauce, Quebec, factory property, by a first floating charge on the machinery, equipment and vehicles at St. Joseph de Beauce, Quebec, and by the guarantee of the parent Company.

(5) After giving effect to the following:

(a) The issue of Supplementary Letters Patent dated March 14, 1969 to

(i) cancel the 104 authorized but unissued first preference shares and the 20,514 authorized but unissued second preference shares,

(ii) subdivide the 10,000 authorized and issued common shares without par value into 850,000 common shares without par value,

(iii) increase the authorized capital by the creation of an additional 3,150,000 common shares without par value.

(b) The purchase for cancellation of 9,486 issued second preference shares and 30,000 issued third preference shares on February 28, 1969, for the amount paid up thereon.

(c) The sale to Midland-Osler Securities Limited of 225,000 common shares without par value.

(6) Reference is made to note 5 on page 14.

USE OF PROCEEDS

The net proceeds to the Company from the sale of 225,000 common shares amounting to approximately $2,058,750 (after deduction of expenses estimated at $45,000) and the $2,000 received on the sale of the warrants will be used as to $284,442 in payment of indebtedness to shareholders (including balance due at January 31, 1969 amounting to $148,982, purchase price of property at Port Franks, Ontario, amounting to $40,000, and payment of cost of purchase for cancellation of preference shares amounting to $95,460) and as to the balance of $1,776,308 in payment of bank indebtedness outstanding at the closing date and as an addition to the cash resources of the Company to be used in the normal course of business for additional working capital. No portion of the proceeds of the sale by a shareholder of 150,000 common shares will be received by the Company.

UNDERWRITING AGREEMENT

Pursuant to an underwriting agreement dated May 1, 1969 between the Company, Thorn Investments Limited and Midland-Osler Securities Limited ("Midland-Osler") the Company and Thorn Investments Limited have agreed to sell respectively 225,000 and 150,000 common shares of the Company, and Midland-Osler agreed to purchase the said 375,000 common shares as principal at the price of $9.35 per share, subject to the terms and conditions set out in the said agreement. Midland-Osler is obligated to purchase all but not less than all of the 375,000 common shares if any common shares are purchased. In addition, pursuant to the terms of the agreement Midland-Osler has agreed to purchase from the Company warrants to purchase 20,000 common shares from the Company at the price of $10.00 per share exercisable at any time up to and including May 15, 1974. The purchase price payable by Midland-Osler for such warrants is the sum of $2,000.00.

Pursuant to the said underwriting agreement, Thorn Investments Limited has agreed not to sell or otherwise dispose of any shares of the Company for a period of 6 months from the date of the final prospectus without the prior written consent of Midland-Osler. It has also agreed that for a period of 5 years from May 1, 1969, it will not sell all or any substantial number of common shares of the Company held by it otherwise than by sale to the public which would result in a loss of effective control of the Company by it unless it causes an offer to be made concurrently on a pro-rata basis to all of the other holders of common shares of the Company to purchase their shares at the same price and on the same terms and conditions.

DIRECTORS AND OFFICERS

Name and Address	Position	Principal Occupation within Preceding Five Years
REGINALD LEAVER THORN, R.R. 1, Strathroy, Ontario	President and Director	President and Chief Executive Officer of the Company
JOHN DAVID HARRISON, M.B.E., Q.C., 281 Commissioners Road East, London, Ontario	Secretary and Director	Barrister and Solicitor, Partner, Harrison, Elwood, Gregory, Littlejohn and Fleming, Solicitors for the Company
DAVID BLACK WELDON, 20 Gibbons Place, London, Ontario	Director	President and prior to 1966 Executive Vice President Midland-Osler Securities Limited

CHARLES NORMAN CHAPMAN, 51 Westchester Drive, London, Ontario	Director	Executive Vice President Emco Limited
DONALD MACPHERSON POLLOCK, 534 Albert Street, Strathroy, Ontario	Director	President and General Manager Pollock Rentals Limited
PERCY ASHWORTH, 17 Edenfield Gardens, Worcester Park, Surrey, England	Director	Director Terrapin International Limited
ALBERT TAMMING 271 Oak Street, Strathroy, Ontario	Treasurer	Treasurer and prior to 1969 Chief Accountant of the Company

REMUNERATION OF SENIOR OFFICERS

The aggregate direct remuneration paid or payable by the Company to senior officers of the Company during the fiscal year ended January 31, 1969 was $119,400 and was $7,020 during the period February 1, 1969 to February 28, 1969. No remuneration was paid to the directors of the Company as such in either of the said periods. The proposed remuneration payable by the Company to senior officers of the Company for the fiscal year ending January 31, 1970 is approximately $120,000.

The estimated cost to the Company in the fiscal year ended January 31, 1969, of all pension benefits proposed to be paid by the Company, directly or indirectly, to the senior officers of the Company under any normal pension plan in the event of retirement at normal retirement age, amounted to $14,160.

PRINCIPAL SHAREHOLDERS

As of February 28, 1969, Thorn Investments Limited, R.R. 1, Strathroy, Ontario, owned beneficially and of record (other than directors' qualifying shares) all of the outstanding common shares of the Company. R. L. Thorn through ownership of more than 50% of the outstanding voting shares of Thorn Investments Limited controls this company. All common shares of Thorn Investments Limited are held in trust for the children and remoter issue of R. L. Thorn. The trustees of the said trust are The Canada Trust Company, 220 Dundas Street, London, Ontario and John D. Harrison, 281 Commissioners Road East, London, Ontario, a director of the Company. Upon the completion of this underwriting, Thorn Investments Limited will own 700,000 common shares of the Company, representing 65.1% of the outstanding common shares of the Company. By reason of his ownership of more than 50% of the outstanding voting shares of Thorn Investments Limited, R. L. Thorn is deemed to be the beneficial owner of the said common shares of the Company owned by Thorn Investments Limited.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

No material transactions have taken place within a period of three years prior to the date of this prospectus in which any director, senior officer or a principal shareholder of the Company has had an interest, except as follows:

1. The sale by R. L. Thorn, President and a director of the Company, of lots 2A, 3A, 4A, 5A, 6, 7, 7A, 8, 8A, 9, 9A and 10 according to registered plan 14 in the Township of Bosanquet in the County of Lambton, Port Franks, Ontario, to the Company for $40,000 as more particularly set out under the heading "Material Contracts" on page 10 hereof.

2. Reference is made to the underwriting agreement, details of which are outlined on page 8, and to the interest of David B. Weldon, a director of the Company, in Midland-Osler as outlined on page 8 and page 16.

MATERIAL CONTRACTS

During the two years preceding the date hereof the Company has entered into the following material contracts in addition to contracts in the ordinary course of business:

1. The underwriting agreement referred to on page 8.

2. A contract dated July 5, 1968 between Acme Construction Company Limited and Glendale Mobile Homes (Maritimes) Limited relating to the construction of the Butler building addition to the manufacturing facilities at Sussex, New Brunswick, for the sum of $47,032, referred to on page 5.

3. A contract dated May 24, 1968, between Matthews Construction Company Limited and the Company relating to the construction of manufacturing facilities at Morris, Manitoba, for the sum of $73,238 referred to on page 5.

4. An undated contract made in September, 1968, between Wiederick Construction Limited and the Company relating to the construction of an addition to the manufacturing facilities at Wetaskiwin, Alberta, for the sum of $48,685 referred to on page 6.

5. An undated contract made in September, 1968, between Wiederick Construction Limited and the Company relating to the construction of an addition to the manufacturing facilities at Wetaskiwin, Alberta, for the sum of $68,260 referred to on page 6.

6. An agreement dated March 18, 1969, between R. L. Thorn, a director and senior officer of the Company, and the Company, relating to the purchase by the Company of land at Port Franks, Ontario, as outlined on pages 6, 9 and 14, note 1 (e).

Copies of the above material contracts may be inspected during ordinary business hours at the Head Office of the Company, 145 Queen Street, Strathroy, Ontario, while the common shares offered by this Prospectus are in the course of primary distribution to the public and for a period of 30 days thereafter.

AUDITORS

The Auditors of the Company are Clarkson, Gordon & Co., Chartered Accountants, 291 Dundas Street, London, Ontario.

GLENDALE MOBILE HOMES LIMITED

and its subsidiaries

STATEMENTS OF CONSOLIDATED EARNINGS AND CONSOLIDATED RETAINED EARNINGS FOR THE FIVE YEARS ENDED JANUARY 31, 1969

	Years ended January 31,				
	1969	1968	1967	1966	1965
Consolidated earnings					
Net sales	$12,763,872	$ 7,916,407	$ 5,569,208	$ 4,590,153	$ 3,687,966
Consolidated earnings before deducting the following—note 7	1,338,236	631,947	266,280	267,445	217,410
Interest on long-term debt	27,185	28,417	1,375	155	253
Depreciation and amortization	142,057	113,628	71,550	63,204	44,105
	169,242	142,045	72,925	63,359	44,358
Consolidated earnings before taxes on income and extraordinary items	1,168,994	489,902	193,355	204,086	173,052
Taxes on income—note 8:					
Current	591,500	181,000	50,000	68,000	80,800
Deferred	10,500	14,000	18,000	3,000	
	602,000	195,000	68,000	71,000	80,800
Consolidated earnings before extraordinary items	566,994	294,902	125,355	133,086	92,252
Fire loss (net of insurance proceeds and $26,500 income taxes relating thereto)			27,521		
Consolidated net earnings	$ 566,994	$ 294,902	$ 97,834	$ 133,086	$ 92,252
Consolidated retained earnings					
Balance beginning of year	$ 962,687	$ 667,785	$ 638,909	$ 508,323	$ 416,071
Add consolidated net earnings	566,994	294,902	97,834	133,086	92,252
	1,529,681	962,687	736,743	641,409	508,323
Deduct:					
Goodwill written off			68,958		
Dividend paid on common shares				2,500	
Balance end of year	$ 1,529,681	$ 962,687	$ 667,785	$ 638,909	$ 508,323

(See accompanying Notes to the Consolidated Financial Statements)

GLENDALE MOBILE HOMES LIMITED
and its subsidiaries

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET
as at January 31, 1969

ASSETS

	Cost	Accumulated depreciation	Consolidated balance sheet	Pro forma consolidated balance sheet (note 1)
CURRENT:				
Cash			$ 500	$ 906,466
Accounts receivable, less allowance for doubtful accounts of $71,014			784,709	784,709
Inventories — at the lower of cost or net realizable value —				
Finished products		$ 864,565		864,565
Work in process		145,904		145,904
Raw materials and supplies		1,857,777		1,857,777
			2,868,246	2,868,246
Prepaid expenses and sundry assets			39,622	39,622
			3,693,077	4,599,043
FIXED:				
Land	$ 28,805		28,805	68,805
Roadways and fences	57,157	$ 8,563	48,594	48,594
Buildings	1,089,766	175,928	913,838	913,838
Machinery, equipment, etc.	412,000	150,621	261,379	261,379
Automotive equipment	139,349	81,494	57,855	57,855
	$1,727,077	$ 416,606	1,310,471	1,350,471
			$5,003,548	$5,949,514

On behalf of the Board

(Signed) JOHN D. HARRISON
Director.

(Signed) D. M. POLLOCK
Director.

LIABILITIES

			Consolidated balance sheet	Pro forma consolidated balance sheet (note 1)
CURRENT:				
Due to bankers — note 3			$ 870,342	
Accounts payable and accrued charges			1,392,085	$1,392,085
Taxes payable			519,255	495,755
Due to shareholders			148,982	
Long term debt repayments due within one year			81,130	81,130
			3,011,794	1,968,970
DEFERRED INCOME TAXES — note 8(a)			45,500	45,500
LONG TERM DEBT — note 4			311,113	311,113
SHAREHOLDERS' EQUITY:				
Capital —				
Consolidated balance sheet — note 5:				
Preference shares		$ 100,860		
Less uncalled subscriptions		5,400	95,460	
Common shares			10,000	
Pro forma consolidated balance sheet:				
Authorized —				
4,000,000 common shares without par value — note 6				
Issued and fully paid —				
1,075,000 common shares				2,113,750
Retained earnings			1,529,681	1,510,181
			$5,003,548	$5,949,514

(See accompanying Notes to the Consolidated Financial Statements)

AUDITORS' REPORT

To the Directors of
Glendale Mobile Homes Limited:

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Glendale Mobile Homes Limited and its subsidiaries as at January 31, 1969 and the statements of consolidated earnings and consolidated retained earnings for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the consolidated financial position of the companies as at January 31, 1969;

(b) The accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the companies as at January 31, 1969 after giving effect to the transactions described in note 1;

(c) The accompanying statements of consolidated earnings and consolidated retained earnings present fairly the consolidated results of the operations of the companies for the five years ended January 31, 1969;

all in accordance with generally accepted accounting principles applied on a consistent basis after giving effect to the retroactive change in accounting for income taxes referred to in note 8 (a).

London, Canada
May 1, 1969.

CLARKSON, GORDON & CO.
Chartered Accountants

GLENDALE MOBILE HOMES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 1969

1. Pro forma consolidated balance sheet

The pro forma consolidated balance sheet gives effect as at January 31, 1969 to the following:

(a) The purchase for cancellation of 9,486 second preference shares and 30,000 third preference shares for $95,460 representing the par value of these shares less the uncalled subscriptions on the third preference shares.

(b) The granting of supplementary letters patent on March 14, 1969 (i) reducing the authorized share capital by the cancellation of all of the remaining authorized but unissued preference shares, (ii) subdividing the 10,000 authorized and issued common shares without par value into 850,000 common shares without par value and (iii) increasing the authorized share capital by the creation of an additional 3,150,000 common shares without par value.

(c) The issue and sale to underwriters under the terms of an agreement dated May 1, 1969 of (i) 225,000 common shares for $2,103,750 and (ii) common share purchase warrants for $2,000 (credited to retained earnings) entitling the holders thereof to purchase 20,000 common shares on or before May 15, 1974 at $10.00 per share.

(d) The payment of the Company's share of expenses in connection with the issue estimated at $45,000 which amount less $23,500 income tax reductions relating thereto has been written off against retained earnings.

(e) The purchase of property located at Port Franks, Ontario from a shareholder for $40,000 under the terms of an agreement dated March 18, 1969.

(f) The application of the net proceeds from the issue referred to in (c) and (d) above as to $284,442 to repay amounts due to shareholders (comprising $148,982 due as at January 31, 1969, $95,460 paid up value of preference shares purchased for cancellation referred to in (a) above and $40,000 purchase price of property located at Port Franks, Ontario referred to in (e) above), as to $870,342 to repay bank indebtedness and as to the balance, $905,966 to increase the Company's cash resources.

2. Principles of consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries Glendale Mobile Homes (Maritimes) Limited and Glendale Mobile Homes (Quebec) Limited. The statement of consolidated earnings includes the earnings of the Company for the entire period and those of its subsidiaries from their respective dates of incorporation on July 28, 1964 and November 4, 1965.

3. Due to bankers

Accounts receivable, inventories and life insurance policies held by the Company on the life of R. L. Thorn are pledged as security against bank indebtedness.

4. Long term debt

8% note repayable $1,320 quarterly due December 6, 1971	$ 15,743
8½% first mortgage repayable $4,800 per month due March 23, 1973	240,000
9% first mortgage repayable $1,250 monthly commencing March 23, 1969 due February 23, 1975	90,000
6% first mortgage repayable in varying annual instalments due September 1, 1976	46,500
	392,243
Repayments due within one year included in current liabilities	81,130
	$311,113

5. Capital

	Number of shares		
	Authorized less redeemed	Issued and outstanding	Amount
Consolidated balance sheet:			
Preference shares —			
6% voting, cumulative, sinking fund first preference shares of $100 par value each, redeemable at par	104	nil	
5% non-voting, non-cumulative, second preference shares of $10 par value each, redeemable at par	30,000	9,486	$ 94,860
5% voting, non-cumulative, third preference shares of $0.20 par value each, redeemable at par	30,000	30,000	6,000
			100,860
Less uncalled subscriptions on third preference shares			5,400
			$ 95,460
Common shares without par value	10,000	10,000	$ 10,000

6. Shares reserved for future issue

Subsequent to January 31, 1969, 20,000 common shares have been reserved for issue at $10.00 per share under common share purchase warrants expiring May 15, 1974 as referred to in note 1 above.

A further 50,000 common shares have been reserved for issue to employees of the Company and its subsidiaries under such plan or plans as the directors may from time to time determine. The price at which such shares will be issued shall be not less than 90% of the fair market value at the date on which such shares are issued, if issued under a stock purchase plan, or at the date on which the option to purchase is granted, if issued under a stock option plan.

7. Senior officers remuneration

Direct remuneration paid or payable to senior officers by the Company and its subsidiaries each year during the five year period ended January 31, 1969 was as follows:

1965 — $130,595; 1966 — $134,000; 1967 — $65,000; 1968 — $236,061; 1969 — $119,400

8. Taxes on income

(a) During the year ended January 31, 1969, the companies adopted the tax allocation basis of computing their provisions for taxes on income, and reported earnings for prior years have been restated in the accompanying statement of consolidated earnings to reflect this change in accounting practice.

(b) During certain three year periods, terminating in the year ended January 31, 1967 in the case of Glendale Mobile Homes (Maritimes) Limited and in the year ending July 31, 1969 in the case of Glendale Mobile Homes (Quebec) Limited, the subsidiary companies have been exempt from taxes on income under the area development provisions of the Federal and Provincial Income Tax Acts. As a result the provision for taxes on income have been less than the amounts which would otherwise have been provided as follows: 1965 - nil; 1966 - $27,000; 1967 - $43,000; 1968 - $49,700; 1969 - Nil.

(c) Income taxes payable by the Company and one of its subsidiaries, Glendale Mobile Homes (Maritimes) Limited, have been assessed to and including the years ended January 31, 1966, and January 31, 1965 respectively. No such assessments have been received in respect of Glendale Mobile Homes (Quebec) Limited since its incorporation in 1965. Taxes on income reflected in the accompanying Statement of Consolidated Earnings are sufficient to provide for those taxes which have been assessed and as estimated for those years for which assessments have not been received.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL OR RESCISSION

Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1968 (Manitoba), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 63 and 64 of The Securities Act, 1967 (Alberta) provide, in effect, that where a security is offered to the public in the course of primary distribution;

(a) a purchaser has the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and

(b) a purchaser has the right to rescind the contract to purchase such security by commencing an action within 90 days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution;

(a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

(b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act of British Columbia for the complete text of the provisions under which the rights of purchasers in British Columbia are conferred.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967, (Alberta), by Part VIII of The Securities Act, 1967, (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario), and by the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

DATED: May 1, 1969

(Signed) R. L. THORN
Chief Executive Officer

(Signed) A. TAMMING
Chief Financial Officer

On behalf of the Board of Directors

(Signed) J. D. HARRISON
Director

(Signed) D. M. POLLOCK
Director

DIRECTORS

(Signed) R. L. THORN

(Signed) J. D. HARRISON

(Signed) P. ASHWORTH
by his attorney R. L. THORN

(Signed) C. N. CHAPMAN
by his attorney R. L. THORN

(Signed) D. M. POLLOCK

(Signed) D. B. WELDON

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario) and by the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick). In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing paragraph.

DATED: May 1, 1969 MIDLAND-OSLER SECURITIES LIMITED

(Signed) H. A. LEONARD

The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Midland-Osler Securities Limited: E. M. Kennedy, David B. Weldon, R. G. McCulloch, J. T. Skelly, E. H. Gunn, W. A. Stewart, C. W. McBride, T. W. Meredith and W. A. Dakin.

Board of Directors

REGINALD LEAVER THORN
President and Chief Executive of the Company

JOHN DAVID HARRISON, M.B.E., Q.C.
Secretary and Director

DAVID BLACK WELDON
Director

CHARLES NORMAN CHAPMAN
Director

DONALD MacPHERSON POLLOCK
Director

PERCY ASHWORTH
Director

ALBERT TAMMING
Treasurer

President's Report to the shareholders

On behalf of the Board of Directors, I am pleased to submit the Annual Report of the Company, together with the Audited Consolidated Financial Statements for the year ended January 31, 1970.

For your Company, whilst profits were not as high as had been anticipated at the beginning of the year, 1969 was marked by a successful combining of expansion and consolidation, and it is felt that our overall position within the market place has been substantially strengthened.

Sales in the fiscal year ended January 31, 1970 increased 29.5% over 1969. Net earnings, however, declined from \$566,994.00 to \$544,239.00. This reduced profit resulted mainly from inventory reduction programmes, start-up expenses for the new 1970 models in all plant locations, and expenses incurred in connection with the expansion of facilities.

However, significant achievements were realized during the year. These developments, which include the strengthening of our corporate management team, improved and expanded production facilities, and increased emphasis on marketing programmes, will be more fully examined in the "Year in Review" to follow.

It is most difficult to predict, with reasonable certainty, the course that 1970 will follow. However, your Company anticipates that, given a stabilization of the present economic situation, our strengthened administrative and productive efficiencies will enable us to operate with increased effectiveness.

As we look ahead to the challenge and the promise of 1970 and the years beyond, the competence and dedication of Glendale's employees, and the loyalty and support of our shareholders, customers, and suppliers, are among the factors that give us confidence. For this dedication and support we are sincerely grateful.

R. L. Thorn

R. L. Thorn, President

Year in review

Sales and Earnings

Net sales for the year ended January 31, 1970 amounted to $16,531,497 compared with $12,763,872 for the preceding fiscal year. This represents an increase of 29.5%. Net earnings available to common stock for the fiscal year ended January 31, 1970 amounted to $544,239. This represents 54 cents per share on 1,009,375 average shares outstanding.

Recreational Vehicles

Through the first half of our year, your Company enjoyed buoyant sales of recreational vehicles. However, apparently as a result of anti-inflationary measures taken by the Canadian government, a severe slow-down in sales volume in this division came about in mid-July, which resulted in a rapid build-up of inventory.

This surplus inventory situation necessitated aggressive marketing and required some price reductions and sales incentives, which had a serious effect on the earnings of the last quarter. However, these programmes resulted in the movement of the major portion of the 1969 carry over of stock and your Company will enter the 1970 season in a much improved position in this regard.

In the fall of 1969, it was decided that the Dolphin line should be discontinued; firstly, due to poor dealer acceptance and secondly, in order to simplify the product mix so that we might more effectively strengthen the merchandising of our two major lines, the Golden Falcon and Glendette. Also, it was felt that a complete revamping of these series was both desirable and necessary. Consequently, both lines were extensively remodelled. Also, in the lower priced Glenelle and Flyte models, we introduced new, low profile styling.

These changes proved to be most acceptable to our dealers and subsequently to the retail market and have, we feel, resulted in your Company maintaining its position as the leader in the recreational vehicle field in Canada.

However, it is expected that the total market for recreational vehicles will be lower this year than in 1969, and although we feel that the changes outlined above have enabled us to improve our percentage proportion of the overall market, we are nevertheless anticipating a decrease in our 1970 recreational vehicle sale.

Your Company remains optimistic however, concerning the long term prospects for these products and is taking continuing steps to extend our coverage of this market.

With this in mind, the Maritime Division has acquired approximately 26 acres of picturesque property near Sussex, New Brunswick for the development of a rally trailer park similar to the very successful Company owned and operated Rendezvous Park at Port Franks, Ontario. An additional 26 acres was acquired in 1969 to expand facilities at Port Franks, and, in addition, plans are being developed for extending this park system to other parts of the country.

The National Glendette and Golden Falcon Clubs, conceived several years ago by Glendale as a public relations and sales promotion aid to our dealers, have grown steadily since their inception. The increasing number of rallies and club activities will, we feel, continue to stimulate and encourage sales of your Company's products.

Mobile Homes

Sales of mobile homes on a consolidated basis increased by 53% in 1969, which enabled your Company to retain its approximate 19% share of the market, despite increased competition.

In order to sustain this momentum, and in an effort to establish a closer liaison with our dealer organization, your Company has initiated a policy of regional dealer showings at our different plant locations.

Thus, in December 1969, your Company held its first mobile home show in Western Canada at the Wetaskiwin, Alberta plant. In January 1970, in conjunction with the official opening of their expanded production facilities, a similar first showing was held at Sussex, New Brunswick. Dealer attendance was excellent at both locations and the reaction to the new 1970 models was most encouraging. Of particular significance was the enthusiastic acceptance of the new Economy series, which was introduced at Sussex and which will be produced at our other plant locations during the current year. Your Company feels that these lower priced models will play a significant role in 1970 sales, and will complement the extensive coverage already afforded by the more deluxe series.

The CSA standardization programme, which it is hoped will lead toward Government approval of NHA mortgage financing of mobile homes, is now underway, and your Company, which subscribes to this concept, is now involved in the mechanics of complying with these requirements. It is felt that this, coupled with a positive programme of park development, which we are now also supporting, will substantially aid in the growth of mobile home sales in the 1970's.

During 1970 your Company expects a continuing buoyancy in its mobile home sales despite the influences exerted by inflation, recessionary tendencies and increased competition. We feel that the strategic location of our six plants, situated as they are in the major sales areas in the country, will enable us to provide improved service to our customers and to effectively cope with the pressures exerted on profit margins and we are anticipating an increase in sales for 1970 and a satisfactory profit margin.

Terrapin Modular Building Units

The new 18,000 sq. ft. plant for production of the Terrapin modules was completed in December 1969 and is now producing units.

A separate Sales Division under the direction of the newly appointed Sales Manager, Michael J. Say, was established following Mr. Say's return from an intensive orientation course at Terrapin's U.K. operation.

Terrapin did not contribute to the profit picture in 1969. However, there is an increasing interest in this product and it is felt that the new facilities, improving efficiency, and a determined marketing programme will improve this situation in 1970.

Other Company Products

Relocatable Housing Units

The production of "double-wide" relocatable housing units structured on the same basis as mobile homes, was pioneered by the Wetaskiwin, Alberta plant in early 1969. These homes found ready acceptance in Western Canada which has, for some time, accepted the concept of mobile home living as a natural outcome of the development of this area.

Prototypes of these units were produced at our other plant locations this winter, and the keen interest which resulted in these other markets indicates a good potential for this product. Also, it is felt that the experience gained in this field will assist us in the future development of the modular concept of housing, which, although it is now in its embryonic stages, will be a growing factor in satisfying the future demand for low cost housing.

Industrial and Commercial Units

Your Company has, since its founding, been involved to a varying degree in the production of "special" units such as bookmobiles, mobile banks, motels, etc.

During the last several years, the major effort relative to these units has been generated by our Strathroy, Ontario plant. In 1969 this plant supplied such varied customers as The Department of Supply and Service, Ontario Hydro, The Department of Forestry, etc. In view of the softening of the travel trailer market, increased emphasis will be placed in 1970 on the securing of this industrial and commercial business, and the contacts and experience which we have maintained throughout the years by our continuing involvement in this area should be of great assistance to your Company.

Corporate Organization

In September 1969, your Company added depth to its corporate executive management team with the appointment of several key personnel to newly created positions.

Walter P. Callaghan, General Manager at the Wetaskiwin, Albert plant since 1959, was appointed Executive Vice President and transferred to Head Office, Strathroy.

John DeWinter, General Manager at Sussex, New Brunswick since 1962, was appointed Vice President, Maritime Division.

John Van Berkel, Plant Manager at Strathroy, Ontario, was appointed Vice President Production.

The above mentioned personnel, all of whom have been with the Company since the early 1950's, bring experience and initiative to their new positions, which will enable them to contribute significantly to the Company's performance in the 1970's.

Capital Expenditures

A total of $792,651 (less $72,158 in area development incentive grants) was spent in 1969 on additions to our existing facilities. Included in this amount are:

a) The completion, in May 1969, of our second manufacturing plant of 26,000 sq. ft. in Wetaskiwin, Alberta.
b) The construction of an additional 25,000 sq. ft. extension in Sussex, New Brunswick, completed in January 1970.
c) The construction of a similar addition of 30,000 sq. ft. in St. Joseph de Beauce, Quebec, also completed in January 1970.
d) The construction of a separate 8,000 sq. ft. Finishing Shop in Strathroy, Ontario, completed in November 1969.
e) The construction of the 18,000 sq. ft. Terrapin factory at Strathroy, Ontario, completed in December 1969.

In addition to these expansions, the production lines at Sussex, New Brunswick and St. Joseph de Beauce, Quebec were reorganized in late 1969 to enable maximum benefit to be derived from the increased space made available for our assembly line techniques.

Also during 1969, the Strathroy and Wetaskiwin production lines were automated, with a resultant saving in production hours. It is intended to institute similar installations in our other factories as soon as it becomes feasible in 1970.

In the forthcoming year, a constant policy of upgrading our existing methods and internal efficiencies will be undertaken. This, coupled with a more effective utilization of our present assets will, we feel, achieve the improved and desired results.

Since the year end your Company has expanded by the acquisition of an existing plant in Australia, consisting of 11 acres of land and 63,000 sq. ft. of plant and is presently producing caravans for the Australian market.

Wetaskiwin, Alberta:

Production of Mobile Homes on 32 acre site with 2,400 sq. ft. of office buildings and two plants with 82,000 sq. ft. and 26,000 sq. ft. respectively.
General Manager: Mr. L. Birtch

Morris, Manitoba:

Mobile Home production on 14 acre site with 22,000 sq. ft. factory building.
General Manager:
Mr. J. Nienhuis

Strathroy, Ontario:

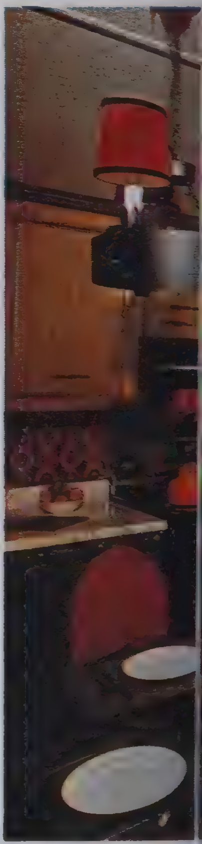
Mobile Home and Recreational Vehicle production on 43 acre site with 4,000 sq. ft. Head Office building. Main factory 98,000 sq. ft., fibreglas & motor home plant 17,000 sq. ft., finishing & shipping facilities 8,000 sq. ft. and additional adjacent storage facilities of approximately 21,000 sq. ft.
Vice-President of Production:
Mr. J. Van Berkel

St. Joseph de Beauce, Quebec: Mobile Home production on 10 acres with factory building of 55,000 sq. ft.
General Manager:
Mr. P. Ypperciel

Sussex, New Brunswick: Mobile Home production on 16 acres with 80,000 sq. ft. of factory buildings.
Vice-President Maritime Division:
Mr. J. DeWinter

Terrapin Plant: Adjacent to the Strathroy Facilities the plant encompasses 18,000 sq. ft. with 600 sq. ft. of office area.

Mobile Homes · Relocatable housing



The Glendale franchise delux
60′ x 12′ and the 54′ x 12′ pla
McGinness line. Decor option
shown above and below.

Your Company markets economy, medium, and deluxe range housing in three franchises in the Maritime Division and two franchises in the remainder of the Country. Each plant produces units which have regional appeal, both in structural layout and decor, to assure broader coverage of the growing mobile home and relocatable housing market.

Pictured on these pages are examples of the deluxe series in the two franchises covering the Ontario Market, "The McGinness" and "The Glendale".

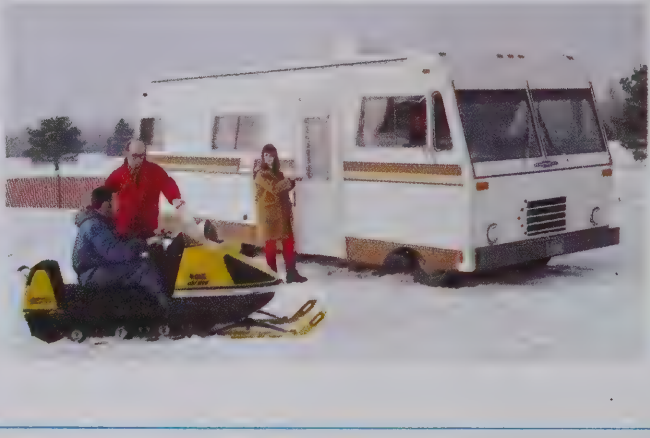
me "The Laurentian" offers both the
th structural layouts differing from the
"Contemporary" and "Mediterranean"

The McGinness franchise deluxe home "The Palace" offers a 60′ x 12′, three bedroom plan and a 54′ x 12′, two bedroom plan both having a choice of two decors, "Contemporary" and "Colonial" pictured above and below.

Recreational Vehicles

Travel Trailers: "Glendette" and "Golden Falcon", your Company's two lines of travel trailers, set the standard of excellence in the Canadian trailer market.
Designed to provide maximum comfort, ease of towing, and minimum maintenance, each line has it's own characteristics that motivate consumer sales.
Offering both deluxe and economy models in sizes ranging from 12 feet to 26 feet, the lines are designated as Glendette/Glenelle in one franchise and Golden Falcon/Flyte in the other.
Pictured above is the Glendette 19R and at the right the Flyte 14 foot, featuring the new low profile styling.

Truck Campers: Merchandised through our established travel trailer dealers, Glendette and Golden Falcon truck campers offer pickup truck owners three models in each line. An 11 foot side dinette and an 11 foot front dinette are the deluxe models while the 8 foot model is designed for economy. Pictured at the left is the 11 foot front dinette Glendette.



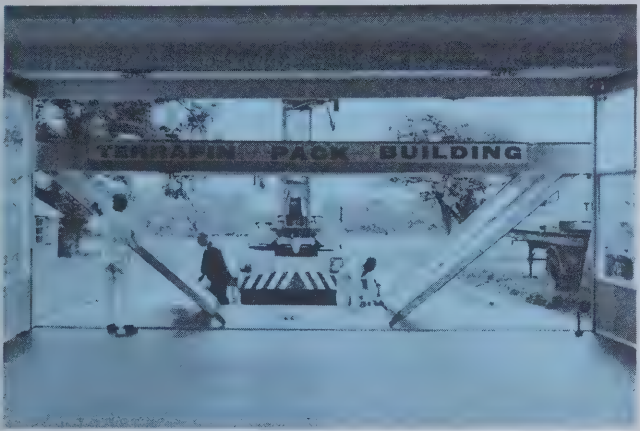
Motor Homes: Self-propelled and fully self-contained, the Glendale Motor Home offers deluxe accommodation to a growing segment of the recreational vehicle market. At present the Glendale Motor Home is a 23 foot unit and, both larger and smaller models are under consideration for future production.

Terrapin Modular Building System

Terrapin buildings are manufactured and marketed in many areas throughout the world including Europe, Australia, Asia, and the Far East.

The Terrapin Modular Building System, conforms to "permanent" standards, and yet the facility of movement allows buildings created from the system to be relocated on different sites and for other purposes.

Some examples of other usage are as Churches, Schools, Restaurants, Retail stores and Libraries.



Exterior construction: View from the central interior of a single span Terrapin building under erection. One module is seen in a semi-erected condition.

Exterior finished building: Terrapin Modular Principles enable buildings to be located on sites not normally suitable as exampled by this school almost totally destroyed by fire and replaced by the Terrapin System.

Interior Arva Classroom: Interior illustrating one of several Terrapin classrooms being very satisfactorily utilized by the Middlesex County School Board.

GLENDALE MOBILE HOMES LIMITED and its subsidiaries
(Incorporated under the laws of Ontario)

CONSOLIDATED BALANCE SHEET

JANUARY 31, 1970
(with comparative figures for 1969)

ASSETS

			1970	1969
Current:				
Accounts receivable			$1,683,333	$ 784,709
Inventories — at the lower of cost or net realizable value —				
Finished products		$1,975,201		864,565
Work in process		236,941		145,904
Raw materials and supplies		2,435,200		1,857,777
			4,647,342	2,868,246
Prepaid expenses and sundry assets			68,959	39,622
			6,399,634	3,692,577
	Cost	Accumulated depreciation		
Fixed — note 2:				
Land	$ 93,988		$ 93,988	$ 28,805
Parking areas and fences	86,382	$ 12,223	74,159	48,594
Buildings	1,568,342	267,771	1,300,571	913,838
Machinery, equipment, etc.	528,953	224,714	304,239	261,379
Automotive equipment	167,595	107,455	60,140	57,855
	$2,445,260	$ 612,163	$1,833,097	$1,310,471
			$8,232,731	$5,003,048

On behalf of the Board

Director REGINALD LEAVER THORN

Director DONALD MacPHERSON POLLOCK

(See accompanying notes to the consolidated financial statements)

LIABILITIES

	1970	1969
Current:		
Due to bankers — note 3	$ 951,179	$ 869,842
Accounts payable and accrued charges	2,597,423	1,392,085
Taxes payable	170,691	519,255
Due to shareholders		148,982
Long-term debt repayments due within one year	82,880	81,130
	3,802,173	3,011,294
Deferred income taxes	36,500	45,500
Long-term debt — note 4	228,233	311,113
Shareholders' equity:		
Capital — notes 5 and 6 —		
Preference shares (purchased for cancellation in 1970 — note 5)		95,460
Common shares:		
Authorized — 4,000,000 common shares without par value (850,000 shares in 1969 — note 5)		
Issued — 1,075,000 common shares (850,000 shares in 1969 — note 5)	2,113,750	10,000
Retained earnings	2,052,075	1,529,681
	4,165,825	1,635,141
	$8,232,731	$5,003,048

GLENDALE MOBILE HOMES LIMITED and its subsidiaries
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED JANUARY 31, 1970
(with comparative figures for 1969)

	1970	1969
Net sales	$16,531,497	$12,763,872
Consolidated income before deducting the following:	$ 1,366,216	$ 1,338,236
Interest on long-term debt	29,110	27,185
Depreciation — note 2	197,867	142,057
	226,977	169,242
Consolidated income before taxes on income	1,139,239	1,168,994
Taxes on income:		
Current	604,000	591,500
Deferred	(9,000)	10,500
	595,000	602,000
Consolidated net income	$ 544,239	$ 566,994

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED JANUARY 31, 1970
(with comparative figures for 1969)

	1970	1969
Balance beginning of year	$ 1,529,681	$ 962,687
Add:		
Consolidated net income	544,239	566,994
Proceeds from issue of stock purchase warrants	2,000	
	2,075,920	1,529,681
Deduct share issue expense (net of reduction in income taxes relating thereto of $24,000)	23,845	
Balance end of year	$ 2,052,075	$ 1,529,681

(See accompanying notes to the consolidated financial statements)

Auditors' Report

To the Shareholders,
Glendale Mobile Homes Limited.

We have examined the consolidated balance sheet of Glendale Mobile Homes Limited and its subsidiaries as at January 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Chartered Accountants.

London, Canada.
March 24, 1970.

GLENDALE MOBILE HOMES LIMITED and its subsidiaries
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED JANUARY 31, 1970
(with comparative figures for 1969)

	1970	1969
Source of funds:		
Operations —		
Consisting of:		
Consolidated net income	$ 544,239	$ 566,994
Add or (deduct)		
Depreciation	197,867	142,057
Deferred income taxes	(9,000)	10,500
	733,106	719,551
Issue of common shares	2,103,750	
Issue of share purchase warrants	2,000	
Mortgage loans		90,000
	2,838,856	809,551
Application of funds:		
Purchase of fixed assets	792,651	584,620
Less area development incentive grants	72,158	
	720,493	584,620
Reduction of long-term debt	82,880	81,130
Purchase of preference shares for cancellation	95,460	
Expenses of share issue (net)	23,845	
	922,678	665,750
Increase in working capital	1,916,178	143,801
Working capital beginning of year	681,283	537,482
Working capital end of year	$2,597,461	$ 681,283

(See accompanying notes to the consolidated financial statements)

GLENDALE MOBILE HOMES LIMITED and its subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JANUARY 31, 1970

1. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries Glendale Mobile Homes (Maritimes) Limited and Glendale Mobile Homes (Quebec) Limited.

2. Fixed assets and depreciation

During the year ended January 31, 1970 the companies received approval for area development incentive grants totalling $72,158 in connection with the expansion of facilities in Manitoba and New Brunswick. These grants have been applied to reduce the carrying value of the respective fixed assets in the books of the companies. As at January 31, 1970, $28,863 remained to be received during the next two years.

Under the terms of the Act under which the grants were received the company may be required to repay these grants if certain conditions are not complied with over the three year period from commencement of production. To January 31, 1970 all such conditions have been met.

The companies have consistently followed the practice of providing for depreciation on a diminishing balance basis at the following annual rates applied to the net undepreciated value of the respective fixed assets commencing with the period in which such assets came into service.

Parking areas	4%
Fences	10%
Buildings — concrete block	5%
— other	10%
Machinery and equipment	20%
Automotive equipment	30%

3. Due to bankers

The accounts receivable, inventories and life insurance policies held by the company on the life of the president are pledged as security against bank indebtedness.

4. Long-term debt

	1970	1969
8% note repayable $1,320 quarterly due December 6, 1971	$ 10,463	$ 15,743
8½% first mortgage repayable $4,800 per month due March 23, 1973	182,400	240,000
9% first mortgage repayable $1,250 monthly due February 23, 1975	76,250	90,000
6% first mortgage repayable in varying annual instalments due September 1, 1976	42,000	46,500
	311,113	392,243
Repayments due within one year included in current liabilities	82,880	81,130
	$228,233	$311,113

5. Capital

(a) During the year ended January 31, 1970 the company purchased for cancellation all of its issued and outstanding preference shares for $95,460 cash as follows:

	Number of shares		
	Authorized see (b) (i)	Issued and Outstanding	Amount
6% cumulative first preference shares of $100 par value each	104	Nil	
5% non-cumulative second preference shares of $10 par value each	30,000	9,486	$ 94,860
5% non-cumulative third preference shares of $0.20 par value each	30,000	30,000	6,000
			100,860
Less uncalled subscriptions on third preference shares			5,400
			$ 95,460

(b) Subsequently, the company was granted supplementary letters patent (i) reducing the authorized share capital by the cancellation of all of the authorized preference shares (ii) subdividing the 10,000 authorized and issued common shares without par value into 850,000 common shares without par value and (iii) increasing the authorized share capital by the creation of an additional 3,150,000 common shares without par value.

(c) Following the completion of the above in May, 1969, the company issued 225,000 common shares for $2,103,750 cash and in addition issued common share warrants for $2,000 entitling the holders thereof to purchase 20,000 common shares on or before May 15, 1974 at $10.00 per share.

6. Shares reserved for future issue

As at January 31, 1970 the following shares were reserved for issue:
20,000 common shares at $10 per share under common share purchase warrants expiring May 15, 1974.
50,000 common shares to employees of the company and its subsidiaries under such plan or plans as the directors may from time to time determine. The price at which such shares will be issued shall not be less than 90% of the fair market value at the date on which such shares are issued, if issued under a stock purchase plan, or at the date on which the option to purchase is granted, if issued under a stock option plan.

7. Directors' and senior officers' remuneration

Direct remuneration paid or payable to directors and senior officers by the company and its subsidiaries for the year ended January 31, 1970 amounted to $181,561 ($119,400 in 1969).

GLENDALE MOBILE HOMES LTD.
HEAD OFFICE: STRATHROY ONT. CANADA

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